

EOC:ERK:TAF:JAG
F#2003R00446

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

- - - - - X

UNITED STATES OF AMERICA

- against -

S U P E R S E D I N G
I N D I C T M E N T

SALVATORE LOCASCIO,
also known as "Tore,"
RICHARD MARTINO,
ZEF MUSTAFA,
DANIEL MARTINO,
ANDREW CAMPOS,
also known as
"Andrew Campo,"
THOMAS PUGLIESE and
USP&C, INC.,

Cr. No. 03-304(S-6)(CBA)
(T. 18, U.S.C., §§ 371,
981(a)(1)(c),
982, 1341, 1343,
1956(a)(1)(A)(i),
1956(a)(1)(B)(i),
1956(h), 1962(c),
1962(d), 1963, 2 and
3551 et seq.; T. 21,
U.S.C., § 853; T. 28,
U.S.C. § 2461)

Defendants.

- - - - - X

THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Superseding Indictment,
unless otherwise indicated:

I. The Enterprise

A. The Gambino Family

1. The members and associates of the Gambino
Organized Crime Family of La Cosa Nostra (the "Gambino family")
constituted an "enterprise," as that term is defined by Title 18,
United States Code, Section 1961(4), that is, a group of

individuals associated in fact, which engaged in, and the activities of which affected, interstate commerce. The Gambino family was an organized criminal group that operated in the Eastern District of New York and elsewhere, and which constituted a continuing unit for the common purpose of achieving its objectives.

2. The Gambino family operated through groups of individuals headed by "captains," who were also referred to as "skippers," "capos," "caporegimes" and "capodecinas." These groups, which were referred to as "crews," "regimes" and "decinas," consisted of "made" members of the Gambino family, who were also referred to as "soldiers," "friends of ours," and "wise-guys," and associates of the Gambino family.

3. Each captain was responsible for supervising the criminal activities of his crew and providing crew members and associates with support and protection. In return, the captain received a share of the criminal proceeds obtained by the crew's members and associates.

4. Above the captains were the three highest ranking members of the Gambino family. The head of the Gambino family was known as the "boss." He was assisted by an "underboss" and a counselor who was known as the "consigliere." With the assistance of the underboss and the consigliere, the boss was responsible for setting policy and resolving disputes

between members of the Gambino family and members of other criminal organizations, among other things. In return for its protection and support, and for the purpose of promoting the ongoing criminal activities of the crews, the administration received a portion of the criminal proceeds from the crews.

B. The Purposes, Methods and Means of the Enterprise

5. The principal purpose of the enterprise was to generate money for its members and associates through crime, including mail fraud, wire fraud, credit card fraud, money laundering and other crimes.

II. The Defendants

6. The defendant SALVATORE LOCASCIO, also known as "Tore," was a captain in the Gambino family. He was the son of Frank LoCascio, a former underboss and consigliere of the Gambino family. After Frank LoCascio's conviction on racketeering charges in approximately April 1992, LOCASCIO took over the management of Frank LoCascio's criminal interests on behalf of the Gambino family.

7. The defendant RICHARD MARTINO was a soldier in the Gambino family. RICHARD MARTINO was a member of defendant SALVATORE LOCASCIO's crew, and shared the proceeds of his illegal activities with LOCASCIO. In the early 1990s, MARTINO and a direct marketer named Norman Chanes formed a partnership through which they separately and together controlled corporations

engaged in the adult entertainment industry. Several of these corporations were engaged in the audiotext business, more commonly known as "900 number" business. These companies billed consumers for telephone services including "phone sex" lines and psychic readings, among others. Beginning in approximately 1996, MARTINO and Chanes expanded their activities to include the provision of adult entertainment over the internet. At all times relevant to this Superseding Indictment, MARTINO used his position in the Gambino family to resolve disputes and further the interests of his and Chanes's joint businesses.

8. The defendant ZEF MUSTAFA was an associate of the Gambino family. In the late 1980s and early 1990s, MUSTAFA was in the crew of Frank LoCascio and served, among other things, as his driver. After Frank LoCascio was convicted and incarcerated in approximately April 1992, MUSTAFA was assigned to the crew of defendant LOCASCIO.

9. The defendant DANIEL MARTINO was the older brother of the defendant RICHARD MARTINO and an associate of the Gambino family.

10. The defendants ANDREW CAMPOS, also known as "Andrew Campo," and THOMAS PUGLIESE were associates of the Gambino family.

11. The defendant USP&C, INC. ("USP&C") was a telephone billing aggregator, that is, as described in greater

detail below, a company that aggregated charges on behalf of various clients and placed them on the telephone bills of consumers pursuant to contracts with local telephone companies. USP&C was secretly controlled by defendants RICHARD MARTINO and DANIEL MARTINO, together with Norman Chanes.

III. Certain Companies

12. Defendant RICHARD MARTINO was the president and owner of Mical Properties, Inc. ("Mical"), a New York corporation which maintained an office at 144 East 39th Street, and later at 666 Third Avenue, New York, New York. In or about 1999, Mical began to operate under the names "Telcom Online, Inc.," and "Telecom Online, Inc." ("Telcom"). Mical was principally engaged in operating various "1-900" and "1-800" adult entertainment telephone services. MARTINO also secretly controlled other companies, including Lexitrans, Inc. ("Lexitrans"), which provided web hosting services on the internet; and Dynamic Telecommunications, Inc. ("Dynamic"), and Westford Telecommunications, Inc. ("Westford"), both of which used the same mail drop address in Westwood, New Jersey.

13. Defendant THOMAS PUGLIESE was the nominal president and owner of Fairfax Telecommunications Inc. ("Fairfax"), which received proceeds from USP&C as set forth below; and Invesco Telecommunications Inc. ("Invesco"), which did business under the name "Southwest Region Bill," as set forth

below. Fairfax and Invesco were secretly controlled by defendants RICHARD MARTINO and DANIEL MARTINO.

14. Norman Chanes was the president and owner of Harvest Advertising, Inc. ("Harvest"), a New York corporation, which maintained an office at 1501 Broadway, New York, New York. Harvest was engaged in the business of placing advertising on television, in magazines and on the internet, among other things.

15. Defendants SALVATORE LOCASCIO and ZEF MUSTAFA were 50% and 25% owners, respectively, of Creative Program Communications, Inc. ("Creative"). Creative was a shell company whose principal purpose was to serve as a vehicle for defendants LOCASCIO and MUSTAFA to receive proceeds from defendant RICHARD MARTINO's criminal activities and to disguise the criminal source and nature of those proceeds.

IV. The USP&C Telephone Cramming Fraud Scheme

A. The Telephone Billing and Collection Industry

16. Local telephone companies, also called Local Exchange Carriers ("LECs"), permitted third parties to include charges for telecommunications services ordered by consumers on the consumers' local telephone bills. To facilitate the inclusion of their charges on consumers' local telephone bills, such third-party service providers contracted with telephone billing aggregators. Telephone billing aggregators acted as intermediaries between the third-party service providers and the

LECs. These aggregators received the billing information from the service providers, which were the aggregators' clients, and submitted the billing information to the appropriate LEC for inclusion on the consumer's monthly local telephone bill. The telephone billing aggregators did this pursuant to "Billing and Collection Agreements" with the LECs.

17. Once the consumers paid their telephone bills, the billing aggregators collected the payments for their clients' services from the LECs. The billing aggregators then passed those payments back to their service-provider clients, and charged a fee for their billing and collection services.

18. Before the LECs would accept charges for inclusion on their phone bills, they typically required the billing aggregators to provide them with copies of the advertising material and descriptions of the services and programs offered by the clients whose charges were to be included on consumers' telephone bills. In addition, the entries on telephone bills that described the services for which the consumer was being charged ("Bill Phrases") were subject to approval by the LEC and were generally required to be clear and concise descriptions of the service actually offered by the client and purchased by the consumer. The LECs imposed these requirements on the billing aggregators, among other reasons, in an effort to combat the placement of unauthorized charges on

their customers' local telephone bills - a fraudulent practice commonly known in the telecommunications industry as "cramming."

B. The Scheme to Defraud

19. In or about and between approximately 1996 and 2002, the defendants RICHARD MARTINO, DANIEL MARTINO, ANDREW CAMPOS, THOMAS PUGLIESE and USP&C (the "Cramming Scheme Defendants"), together with others, knowingly and intentionally devised and executed a scheme to defraud consumers by causing USP&C to place unauthorized charges on local telephone bills of victims within the Eastern District of New York and elsewhere, and collecting payment on those unauthorized charges (the "Cramming Scheme").

20. To execute the Cramming Scheme, defendant RICHARD MARTINO and Norman Chanes, together with employees of Harvest and others acting at their direction, produced advertisements offering free samples of adult entertainment services, such as psychic hotlines, dating services, and sexually oriented talk-lines, over various "1-800" telephone numbers. Harvest placed these advertisements in various media, including adult magazines. These advertisements induced victims within the Eastern District of New York and elsewhere in the United States to call the various "1-800" telephone numbers by promising free samples of the entertainment services described.

21. Victims who called the "1-800" telephone

numbers advertised in this manner by Harvest heard pre-recorded "front-end programs," which varied over time and across the various "1-800" telephone numbers. Each was designed so that when a victim called the "1-800" telephone number and expressed a desire to obtain the free sample of the entertainment service advertised, the front-end program triggered a recurring monthly charge on the victim's local telephone bill for a voice-mail service without the knowledge, consent or authorization of the victim. The Bill Phrases for the monthly charges that appeared on the victim's local telephone bills were designed to appear to be innocuous standard telephone charges and to conceal the fact that the charges were triggered by the calls to the "1-800" adult entertainment telephone lines.

22. In order to conceal the fraudulent nature of the "1-800" telephone numbers and related front-end programs used in the Cramming Scheme, the defendant RICHARD MARTINO, Norman Chanes and others acting at their direction prepared and caused to be prepared two sets of advertisements, front-end programs and related materials. One set was referred to as the "marketing" materials, and consisted of the actual advertisements, front-end programs and related materials offering the free samples of entertainment services that were used to defraud the victims in the manner described above.

23. The second set was referred to as the

"approval" materials, and consisted of advertisements, front-end programs and related materials offering various voice-mail services. Unlike the "marketing" version, the "approval" versions of the front-end programs appeared properly to seek the consumer's authorization to charge a recurring monthly fee for a voice-mail service, whose features were fully described.

24. The "approval" materials were not actively marketed to the public, but rather were presented to LECs, regulatory and law enforcement agencies and complaining customers in order to conceal the existence and fraudulent nature of the "marketing" materials actually used to generate the unauthorized charges. The Bill Phrases for the unauthorized charges corresponded to the names of the voice-mail services contained in the "approval" materials. In this manner, when USP&C faced inquiries concerning the business practices of its clients or the nature of the monthly recurring charges from LECs, regulatory or law enforcement agencies or complaining customers, USP&C presented the "approval" materials rather than the "marketing" materials that actually triggered the charge.

25. Defendants RICHARD MARTINO and DANIEL MARTINO, together with others, caused the formation of Overland Data Center ("Overland"), located in Overland Park, Kansas, and secretly controlled it for the purpose of receiving and processing consumers' calls to the various "1-800" telephone

numbers used in the Cramming Scheme. Overland operated telephone lines and voice response units ("VRUs"), which processed the consumers' calls and played the front-end programs. At the direction of RICHARD MARTINO, DANIEL MARTINO and others, Overland employees programmed the VRUs to play the front-end programs and thereby trigger the unauthorized charges on the consumers' telephone bills. Overland's finances were managed by DANIEL MARTINO through FSE Consulting, of which DANIEL MARTINO was president. Through this position, DANIEL MARTINO assisted RICHARD MARTINO and Norman Chanes in exercising secret control over Overland and other companies.

26. Defendant RICHARD MARTINO and Norman Chanes, together with employees of Harvest acting under their direction, created scripts for both the "approval" and "marketing" versions of the front-end programs, and retained voice-professionals to make recordings of the scripts. The recordings were then provided to employees of Mical, where, at the direction of defendant RICHARD MARTINO and others, they were transmitted to Overland for use in the front-end programs.

27. Defendants RICHARD MARTINO and DANIEL MARTINO, together with Norman Chanes and others, caused the formation of USP&C and secretly controlled it for the purpose of placing the unauthorized charges generated by the fraudulent front-end programs onto the victims' local telephone bills.

28. Defendants RICHARD MARTINO, DANIEL MARTINO and ANDREW CAMPOS, together with others, caused the formation of various companies, including ASP Communications, Inc. ("ASP"), Benchmark Communications ("Benchmark"), Lunar Tel, Inc. ("Lunar"), Spring Telcom, Inc. ("Spring"), Special Comtel, Ltd. ("Special Comtel"), Enhanced Phone Services ("Enhanced Phone"), Messenger Com ("Messenger") and Voice Delivery Service Inc. ("Voice Delivery") (collectively, the "Campos Companies"). Each of the Campos Companies purported to be an independent company operated by ANDREW CAMPOS that was engaged in the business of offering "1-800" telephone services. In fact, the Campos Companies were shell companies whose purpose was to disguise the fact that the "1-800" telephone services used in the Cramming Scheme were controlled by RICHARD MARTINO, DANIEL MARTINO and Norman Chanes. The Campos Companies had no employees or physical office space other than rented mailboxes around the country.

29. Each of the Campos Companies registered multiple "1-800" telephone services under multiple fictitious business names with USP&C and various LECs. Each such business name was referred to as a "sub-CIC," which is an industry term that refers to an entity that is permitted to place charges on local telephone bills through a registered "CIC." USP&C was registered as a "CIC."

30. Defendant RICHARD MARTINO and others caused the

Campos Companies to enter into contracts with USP&C to provide billing and collection services for the "1-800" telephone numbers used in the Cramming Scheme, and further caused the Campos Companies to submit the "approval" version of the materials to USP&C and the LECs, rather than the "marketing" versions that were used to defraud the Cramming Scheme's victims. Because the Campos Companies were shell companies devoid of employees or physical office space, all of USP&C's dealings with the Campos Companies were conducted through defendant RICHARD MARTINO, Norman Chanes and, at their direction, other employees of Mical and Harvest.

31. The Cramming Scheme Defendants caused unauthorized recurring monthly charges to be included on millions of victims' local telephone bills throughout the Eastern District of New York and elsewhere in the United States, and generated between approximately \$50,000 and \$600,000 in gross revenue per day between 1997 and 2001. In total, the Cramming Scheme generated more than \$420 million in gross revenues.

C. Victim Complaints and Refunds

32. A large portion of the Cramming Scheme's victims complained to the LECs and to USP&C about the unauthorized charges appearing on their local telephone bills. Defendants RICHARD MARTINO and DANIEL MARTINO, together with others, caused a "call center" affiliated with USP&C to be

established to handle the large volume of victim complaints internally, to prevent the LECs from learning the actual extent of customers complaining that the charges were unauthorized.

33. Telephone operators at the call center were directed initially to attempt to persuade victims that the charges were in fact authorized and to induce customers to agree to pay the charges. If a victim was adamant that the charges had not been authorized and refused to pay, the operators were next directed to offer a partial refund, but to offer a full refund only if the victim would not accept a partial refund.

34. The purpose of offering full refunds to customers who demanded them was to reduce the likelihood that victims would complain directly to the LECs or to regulatory agencies. The call center operators were further instructed that if victims asked them to provide the telephone number that triggered the charge on the USP&C page of their local telephone bill, the operators were to provide a "1-800" number that connected to the "approval" version of the front-end program, instead of the "1-800" telephone number that was connected to the "marketing" front-end program that the customer had actually called.

35. During the course of the Cramming Scheme, USP&C on average refunded approximately 50% of the unauthorized charges to complaining customers. From time to time, various LECs

canceled the billing privileges of the sub-CICs that generated these high refund levels. On such occasions, the defendant RICHARD MARTINO, together with others, would cause the Campos Companies and other similar shell companies under his and Norman Chanes's control to begin soliciting victims and billing under new sub-CICs with new "1-800" telephone numbers for the purpose of continuing and perpetuating the Cramming Scheme. In approximately 2001, because of complaints from various LECS and regulatory agencies about the Campos Companies, defendants RICHARD MARTINO and THOMAS PUGLIESE, together with others, caused new shell companies to replace the Campos Companies as clients of USP&C. PUGLIESE was the nominal owner and president of several of these new shell companies. Like the Campos Companies, these new shell companies were secretly controlled by RICHARD MARTINO, DANIEL MARTINO and Norman Chanes.

36. In one instance, Southwestern Bell - a LEC - cut off USP&C's rights to insert a USP&C bill page in Southwestern Bell's local telephone bills in response to high levels of customer complaints. In order to continue passing on fraudulent charges to Southwestern Bell's customers, USP&C switched to a "direct" billing format, in which they mailed bills directly to victims instead of inserting charges into a LEC's local telephone bill.

37. In order to deceive Southwestern Bell's

customers into believing that the direct-billed charges were legitimate and were for costs arising from their local phone service, defendants RICHARD MARTINO and DANIEL MARTINO, together with others, caused the design of a bill page and mailing envelope that were intended to resemble Southwestern Bell's telephone bill. These bills were sent out on behalf of an entity called "Southwest Region Bill," which was a fictitious name for Invesco, a company registered to defendant THOMAS PUGLIESE as president. The Southwest Region Bill telephone bills strongly resembled Southwestern Bell's bill formats, in that (a) the Southwest Region Bill invoice used a nearly identical typeface and font size to the Southwestern Bell invoice; (b) the placement of items on the Southwest Region Bill invoice such as account summaries, current charges, total amounts due and due dates were very similar to those used by Southwestern Bell; and (c) the Southwest Region Bill invoice also copied the light blue stripe down the left margin of the Southwestern Bell invoice in a nearly identical color and size. The Southwest Region Bill invoice also stated that if recipients did not pay the charges assessed on that bill, the company would "begin procedures to cancel all service to you," thereby suggesting that the recipient's telephone service would be shut off.

38. The "Southwest Region Bill" invoices were mailed out by USP&C at the direction of RICHARD MARTINO, DANIEL

MARTINO and various Mical employees under their control. Numerous victims were defrauded into paying the invoiced charges. Numerous other recipient of these bills, however, complained to regulators and to Southwestern Bell, and these entities rapidly took legal action to induce USP&C to stop mailing the fraudulent invoices.

V. The "Free Tour" Internet Fraud Scheme

A. The Internet Joint Venture

39. The Crescent Publishing Group, Inc. ("Crescent"), was a publisher of adult entertainment magazines, including *Playgirl*, *High Society*, *Climax* and *Live Young Girls*. Crescent maintained an office in midtown Manhattan.

40. In or about September 1996, the defendant RICHARD MARTINO and Norman Chanes, together with others, caused Lexitrans and Crescent to enter into an unwritten joint venture agreement (the "Joint Venture"). The purpose of the Joint Venture was to operate adult entertainment websites featuring content from magazines published by Crescent, including *Playgirl* (playgirl.com), *High Society* (highsociety.com), *Climax* (climaxmag.com) and *Live Young Girls* (ygal.com) (collectively, the "Websites"). The Joint Venture obtained money by charging the credit and debit cards of victims who had visited the Websites, including victims residing in Brooklyn, New York and in Nassau County, New York.

41. Using Lexitrans, Harvest, Mical, Dynamic, Westford and Crescent, the defendants RICHARD MARTINO and DANIEL MARTINO, together with Norman Chanes and others, performed various functions for the Joint Venture, including the following tasks. RICHARD MARTINO and Chanes, through Mical and Harvest, designed the Websites. Yitzhak Levy, a Mical employee, assisted in overseeing the technical operations of the Websites from Mical. Crescent provided content for the Websites and implemented art and editorial changes provided by Harvest and Mical to Crescent. Lexitrans hosted the Websites on servers located in Kansas. Employees of Harvest, Dynamic and Westford provided marketing and advertising services for the purpose of directing internet traffic to the Websites. RICHARD MARTINO, Norman Chanes and Bruce Chew, the President of Crescent, made all final decisions regarding the design and operation of the Websites.

B. Credit Card Processing

42. Visa U.S.A., Inc. ("Visa") was a membership corporation composed of more than 12,000 financial institutions. The members of Visa consisted of "issuing banks" and "merchant banks." "Issuing banks" were financial institutions that issued Visa credit and debit cards to consumers. "Merchant banks" were financial institutions that offered agreements permitting merchants to accept and process Visa cards for payment for goods

and services. Within this system, Crescent and its affiliated corporations, at the direction of the defendants RICHARD MARTINO, DANIEL MARTINO and others, opened merchant accounts at merchant banks, including Humboldt Bank and First Financial Bank, for the purpose of processing Visa cards as payment for the cost of membership on the Websites. Crescent pooled funds from these merchant bank accounts into the accounts of Multimedia Forum, Inc., ("Multimedia") a Crescent affiliate, at a branch of North Fork Bank located on Long Island, New York and within the Eastern District of New York, and from there sent the funds to other accounts controlled by Crescent, as well as accounts controlled by Lexitrans, Dynamic and Westford, and others.

C. The Scheme To Defraud

43. The defendants RICHARD MARTINO and DANIEL MARTINO (together, the "Joint Venture Defendants") and others caused the Websites to present themselves as legitimate adult entertainment sites. In fact, however, the Joint Venture Defendants designed and operated the Websites to defraud the public by fraudulently obtaining visitors' credit and debit card information and then billing the victims' cards without the victims' knowledge or consent (the "Internet Scheme").

44. The Internet Scheme was centered around purportedly "free tours" of the Websites. While the Joint Venture Defendants and others, through the Websites, represented

that visitors to the Websites could take a "free tour" of each Website without being billed, in actuality the Joint Venture Defendants, together with others, designed and operated the Websites so that victims would be billed without their knowledge or consent.

45. On the first screen of the "free tour," the Joint Venture Defendants and others caused the Websites to obtain credit or debit card information by representing that this information would be used as proof of the visitors' age and that visitors' cards would "NOT BE BILLED." In fact, the Joint Venture Defendants intentionally caused the Websites to bill visitors' cards without the visitors' knowledge, consent or authorization, as a result of visiting the purportedly "free tour."

46. The Joint Venture Defendants and others also used various means to prevent visitors from leaving the Websites. These means included automatically sending visitors who attempted to leave the "free tours" directly to another free tour controlled by the defendants, multiple times consecutively; disabling the "go back" button on visitors' browsers and failing to include an "exit" or "home" button within the "free tour" itself. These technological mechanisms were intended to increase the likelihood that visitors would inadvertently trigger charges to their credit cards by proceeding through the "free tour."

47. Through the Websites, the Joint Venture Defendants, together with others, billed and caused to be billed the credit and debit cards of thousands of victims in the United States, Europe and Asia, without their authorization, at a recurring monthly rate of up to \$90 each, for an approximate total amount of more than \$230 million.

D. Victim Complaints and Refunds

48. The Joint Venture Defendants, together with others, caused the Websites to defraud visitors through the "free tour" even though, as the Joint Venture Defendants knew, Crescent and its affiliated companies received numerous complaints from victims stating that they did not intend to join the Websites and had been billed without prior notice or consent. Despite the large number of such complaints, the Joint Venture Defendants, together with others, refused to alter the design of the Websites because they knew that this would reduce the number of visitors who became enrolled as members of the Websites, and would therefore reduce the defendants' profits.

49. The Joint Venture Defendants, together with others, knew that Crescent and its affiliated companies incurred extremely high "chargeback" rates virtually from the inception of the Joint Venture. A "chargeback" generally occurs when a consumer disputes a charge and the issuing bank credits the consumer's account and debits the merchant account in the

corresponding amount. During 1999, as the Joint Venture Defendants knew, Crescent's chargeback rate was more than 10%, the third highest rate among the millions of merchants participating in the Visa program within the United States.

50. The Joint Venture Defendants, together with others, systematically abandoned their "merchant accounts" and opened new ones on a continuous, rolling basis, in order to conceal from Visa that the high level of chargebacks was continuing. The Joint Venture Defendants concealed from Visa and consumers the fact that these corporations and merchant accounts were all controlled by Crescent. This enabled the Joint Venture Defendants to avoid the imposition of fines and penalties and temporarily avoid being excluded from the Visa program.

51. In an effort to reduce the number of chargebacks and thereby avoid Visa's fees and maintain credit card processing privileges, the Joint Venture Defendants attempted to handle more victim complaints internally at Crescent and its affiliates rather than leaving victims to resolve the dispute with their issuing bank. In addition, the Joint Venture Defendants caused Crescent and its affiliates to provide refunds only when expressly requested by the consumer and otherwise merely canceled the consumer's membership account. In all, based on combined chargebacks and refunds, the Joint Venture Defendants caused Crescent to return an average of one out of every three

dollars in revenue during 1999, which permitted the scheme to continue.

52. In or about July 1999, for the purpose of continuing the Internet Scheme as chargeback problems mounted, Crescent created Luna, S.A., a new corporation with merchant accounts at South Bank & Trust Co., Ltd., a Montserrat bank doing business in Guatemala. At this offshore bank, the Joint Venture Defendants, together with others, continued their practice of rolling merchant accounts.

53. Due to the high level of chargebacks, in or about April 2000, Visa terminated the rights of Crescent, Crescent's President and Crescent's Chief Financial Officer to participate in the Visa program in the United States. Subsequently, the Joint Venture Defendants continued their credit card processing operations offshore. When the excessive chargeback rates continued and Visa discovered the defendants' maneuver, in September 2000, Visa barred Crescent, Crescent's President and Crescent's Chief Financial Officer from participating in the global Visa program. Notwithstanding this ban, Crescent took steps to continue operating the Websites through nominees.

VI. Disposition of the Schemes' Proceeds

A. Disposition Of The Cramming Scheme's Proceeds

54. During the course of its operation, the

Cramming Scheme induced millions of victims throughout the United States to place telephone calls to the "1-800" telephone numbers operated by Overland. Overland transmitted the billing information for the unauthorized charges to USP&C for submission to the LECs for inclusion on the victims' local telephone bills. USP&C collected the payments for the unauthorized charges from the LECs, and in turn paid the bulk of the proceeds to the Campos Companies and, after approximately January 2001, to the shell companies that replaced the Campos Companies, net of expenses and refunds to complaining victims. These companies in turn paid the proceeds to Overland and to Fairfax. Overland in turn paid the vast bulk of the proceeds to Mical, and, after approximately mid-2000, to Telcom. Overland also paid some of the proceeds to a company called Local Exchange Company L.L.C., also known as "LEC L.L.C." LEC L.L.C. was owned in part, both directly and indirectly through trusts, by defendants SALVATORE LOCASCIO, RICHARD MARTINO, ZEF MUSTAFA and DANIEL MARTINO, and also by Norman Chanes. Fairfax paid the proceeds to Baseline Telecommunications, Inc. ("Baseline"), Dynamic, Mical and Harvest. Dynamic, in turn, paid a portion of its proceeds to Mical and Harvest.

B. Disposition of the Internet Scheme's Proceeds

55. Pursuant to the Joint Venture, Crescent deducted certain costs from the Websites' total revenue,

including millions of dollars paid to Harvest and other companies, and then provided 50% of the remaining net profits to Lexitrans, Dynamic and Westford through Multimedia's bank account at North Fork Bank, within the Eastern District of New York, as directed by the defendants RICHARD MARTINO and DANIEL MARTINO. Lexitrans, Dynamic and Westford in turn sent millions of dollars of these illegal proceeds to Mical, both directly and through various companies controlled by RICHARD MARTINO and DANIEL MARTINO, including Dynamic and Overland. Multimedia also paid some of the proceeds to a company called Local Exchange Carriers LLC, through a series of intermediate companies controlled by RICHARD MARTINO. Local Exchange Carriers, LLC was owned in part, both directly and indirectly through trusts, by defendants LOCASCIO, RICHARD MARTINO, MUSTAFA, DANIEL MARTINO and CAMPOS.

C. Payments to Creative

56. From approximately 1996 through 2002, inclusive, defendants RICHARD MARTINO and DANIEL MARTINO funneled more than \$40 million in proceeds of the Cramming Scheme and the Internet Scheme from Mical, and later Telcom, to Creative. The proceeds funneled to Creative were transferred in fulfillment of RICHARD MARTINO's obligation as a member of organized crime to share illicit proceeds with persons above him in the Gambino family.

COUNT ONE
(Racketeering)

57. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

58. In or about and between 1996 and 2002, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants SALVATORE LOCASCIO, also known as "Tore," RICHARD MARTINO, ZEF MUSTAFA, DANIEL MARTINO, ANDREW CAMPOS, also known as "Andrew Campo," and THOMAS PUGLIESE, together with others, being persons employed by and associated with the Gambino family, an enterprise which engaged in, and the activities of which affected, interstate commerce, knowingly and intentionally conducted and participated, directly and indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity, as defined in Title 18, United States Code, Sections 1961(1) and 1961(5), consisting of the racketeering acts set forth below.

Racketeering Acts One Through Twenty-Four
(Wire Fraud - Cramming Scheme)

59. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

60. In or about and between 1996 and 2002, both dates being approximate and inclusive, the defendants RICHARD

MARTINO, DANIEL MARTINO, ANDREW CAMPOS, also known as "Andrew Campo," and THOMAS PUGLIESE, together with others, knowingly and intentionally devised a scheme and artifice to defraud users of the "1-800" adult entertainment telephone services involved in the Cramming Scheme and others, and to obtain money and property from them by means of materially false and fraudulent pretenses, representations and promises.

61. For the purpose of executing the scheme and artifice, the defendants RICHARD MARTINO, DANIEL MARTINO, ANDREW CAMPOS and THOMAS PUGLIESE, together with others, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce, signs, signals and sounds, to wit: the telephone calls set forth below, in violation of Title 18, United States Code, Sections 1343 and 2:

RA	Approximate Date of Call	Description of Call
1	February 12, 1997	Call from 864-306-9894 to an 800 number terminating in Overland Park, Kansas
2	April 14, 1997	Call from 417-887-3354 to an 800 number terminating in Overland Park, Kansas
3	June 19, 1997	Call from 815-741-0005 to an 800 number terminating in Overland Park, Kansas
4	July 21, 1997	Call from 914-632-7363 to an 800 number terminating in Overland Park, Kansas

RA	Approximate Date of Call	Description of Call
5	September 6, 1997	Call from 209-867-4347 to an 800 number terminating in Overland Park, Kansas
6	September 10, 1997	Call from 208-939-4121 to an 800 number terminating in Overland Park, Kansas
7	October 2, 1997	Call from 512-499-8081 to an 800 number terminating in Overland Park, Kansas
8	December 28, 1997	Call from 515-792-7709 to an 800 number terminating in Overland Park, Kansas
9	January 27, 1998	Call from 802-442-2650 to an 800 number terminating in Overland Park, Kansas
10	February 11, 1998	Call from 972-758-7872 to an 800 number terminating in Overland Park, Kansas
11	February 16, 1998	Call from 303-841-2381 to an 800 number terminating in Overland Park, Kansas
12	March 2, 1998	Call from 208-398-7445 to an 800 number terminating in Overland Park, Kansas
13	March 3, 1998	Call from 516-325-0185 to an 800 number terminating in Overland Park, Kansas
14	March 6, 1998	Call from 808-974-6230 to an 800 number terminating in Overland Park, Kansas
15	April 15, 1998	Call from 660-665-7624 to an 800 number terminating in Overland Park, Kansas
16	June 6, 1998	Call from 213-380-9123 to an 800 number terminating in Overland Park, Kansas

RA	Approximate Date of Call	Description of Call
17	August 17, 1998	Call from 516-922-1229 to an 800 number terminating in Overland Park, Kansas
18	March 31, 1999	Call from 508-853-3071 to an 800 number terminating in Overland Park, Kansas
19	May 1, 1999	Call from 570-489-7231 to an 800 number terminating in Overland Park, Kansas
20	September 16, 1999	Call from 713-473-4296 to an 800 number terminating in Overland Park, Kansas
21	October 11, 1999	Call from 409-265-3755 to an 800 number terminating in Overland Park, Kansas
22	January 9, 2000	Call from 405-691-8071 to an 800 number terminating in Overland Park, Kansas
23	January 10, 2000	Call from 817-926-7207 to an 800 number terminating in Overland Park, Kansas
24	December 20, 2000	Call from 281-312-4238 to an 800 number terminating in Overland Park, Kansas

Racketeering Acts Twenty-Five through Thirty-Seven
(Wire Fraud - Internet Scheme)

62. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

63. In or about and between August 1996 and December 2002, both dates being approximate and inclusive, the defendants RICHARD MARTINO and DANIEL MARTINO, together with

others, did knowingly and intentionally devise a scheme and artifice to defraud visitors to the Websites, and to obtain money and property from them by means of materially false and fraudulent pretenses, representations and promises.

64. For the purpose of executing the scheme and artifice, the defendants RICHARD MARTINO and DANIEL MARTINO, together with others, transmitted and caused to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds, to wit: internet connections established between servers controlled by defendant RICHARD MARTINO in the state of Kansas and the following individuals, whose identities are known to the grand jury, on or about the dates specified, in violation of Title 18, United States Code, Sections 1343 and 2:

RA	Approximate Date of Internet Connection	Visitor	Visitor's Location
25	February 28, 1999	Visitor #1	Florida
26	March 3, 1999	Visitor #2	Alabama
27	March 16, 1999	Visitor #3	New York
28	March 20, 1999	Visitor #4	Pennsylvania
29	March 26, 1999	Visitor #5	Mississippi
30	April 27, 1999	Visitor #6	New York
31	May 2, 1999	Visitor #7	Vermont
32	July 1, 1999	Visitor #8	Idaho
33	July 1, 1999	Visitor #9	Minnesota

RA	Approximate Date of Internet Connection	Visitor	Visitor's Location
34	July 16, 1999	Visitor #10	Maryland
35	August 6, 1999	Visitor #11	Pennsylvania
36	September 1, 1999	Visitor #12	Washington
37	November 29, 1999	Visitor #13	Oregon

Racketeering Act Thirty-Eight
(Money Laundering Conspiracy)

65. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

66. In or about and between 1996 and 2002, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants SALVATORE LOCASCIO, also known as "Tore," RICHARD MARTINO, ZEF MUSTAFA, DANIEL MARTINO, ANDREW CAMPOS, also known as "Andrew Campo," and THOMAS PUGLIESE, together with others, did knowingly and intentionally conspire to conduct financial transactions affecting interstate and foreign commerce, which in fact involved the proceeds of specified unlawful activity, to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity (a) with the intent to promote the carrying on of the

specified unlawful activity, and (b) knowing that the transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 1956(a)(1)(B)(i), all in violation of Title 18, United States Code, Section 1956(h).

Racketeering Acts Thirty-Nine through Seventy-Seven
(Money Laundering)

67. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

68. On or about the dates specified below, within the Eastern District of New York and elsewhere, the defendants listed below, together with others, did knowingly and intentionally conduct financial transactions, to wit: the transfers of funds caused by the deposit of the checks and wire-transfers set forth below, which in fact involved the proceeds of specified unlawful activity, to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity (a) with the intent to promote the carrying on of the specified unlawful activity, and (b) knowing that the transactions were

designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Sections 1956 (a)(1)(A)(i), 1956(a)(1)(B)(i) and 2.

RA	Approximate Date	Financial Transaction	Approximate Amount	Defendants
39	January 30, 1998	Wire Transfer from USP&C to ASP	\$888,406.20	RICHARD MARTINO and CAMPOS
40	February 3, 1998	Check from ASP to Fairfax	\$1,094,033.36	RICHARD MARTINO, CAMPOS and PUGLIESE
41	June 22, 1998	Wire transfer from USP&C to Special Comtel	\$1,087,419.61	RICHARD MARTINO and CAMPOS
42	August 25, 1998	Wire Transfer from USP&C to Special Comtel	\$1,094,652.88	RICHARD MARTINO and CAMPOS
43	August 25, 1998	Wire Transfer from USP&C to Voice Delivery	\$2,013,724.20	RICHARD MARTINO and CAMPOS
44	August 28, 1998	Check from Lunar to Fairfax	\$1,007,188.00	RICHARD MARTINO, DANIEL MARTINO and CAMPOS
45	October 14, 1998	Check from Voice Delivery to Fairfax	\$1,248,168.00	RICHARD MARTINO, CAMPOS and PUGLIESE
46	October 20, 1998	Check from Voice Delivery to Overland	\$853,371.64	RICHARD MARTINO, DANIEL MARTINO and CAMPOS
47	December 22, 1998	Check from Mical to Creative	\$2,000,000.00	LOCASCIO, RICHARD MARTINO and MUSTAFA
48	December 22, 1998	Check from Mical to Creative	\$3,000,000.00	LOCASCIO, RICHARD MARTINO and MUSTAFA
49	March 17, 1999	Check from Overland to Mical	\$1,000,000.00	RICHARD MARTINO and DANIEL MARTINO
50	March 17, 1999	Check from Overland to Mical	\$1,000,000.00	RICHARD MARTINO and DANIEL MARTINO

RA	Approximate Date	Financial Transaction	Approximate Amount	Defendants
51	March 17, 1999	Check from Overland to Mical	\$1,000,000.00	RICHARD MARTINO and DANIEL MARTINO
52	March 17, 1999	Check from Overland to Mical	\$682,956.45	RICHARD MARTINO and DANIEL MARTINO
53	April 1, 1999	Check from Multimedia to Lexitrans	\$930,323.10	RICHARD MARTINO and DANIEL MARTINO
54	April 7, 1999	Check from Overland to Mical	\$270,935.80	RICHARD MARTINO and DANIEL MARTINO
55	April 7, 1999	Check from Overland to Mical	\$1,000,000.00	RICHARD MARTINO and DANIEL MARTINO
56	April 7, 1999	Check from Overland to Mical	\$1,000,000.00	RICHARD MARTINO and DANIEL MARTINO
57	April 12, 1999	Check from Fairfax to Harvest	\$327,322.67	RICHARD MARTINO and PUGLIESE
58	April 15, 1999	Check from Dynamic to Mical	\$482,173.00	RICHARD MARTINO and DANIEL MARTINO
59	April 15, 1999	Check from Dynamic to Mical	\$1,060,000.00	RICHARD MARTINO and DANIEL MARTINO
60	April 15, 1999	Check from Dynamic to Mical	\$378,287.00	RICHARD MARTINO and DANIEL MARTINO
61	April 22, 1999	Check from Mical to Creative	\$4,100,000.00	LOCASCIO, RICHARD MARTINO and MUSTAFA
62	April 22, 1999	Check from Mical to Creative	\$3,886,090.35	LOCASCIO, RICHARD MARTINO and MUSTAFA
63	April 23, 1999	Check from Spring to Overland	\$350,000.00	RICHARD MARTINO, DANIEL MARTINO and CAMPOS
64	April 30, 1999	Check from Overland to Mical	\$1,000,000.00	RICHARD MARTINO and DANIEL MARTINO
65	April 30, 1999	Check from Overland to Mical	\$550,000.00	RICHARD MARTINO and DANIEL MARTINO
66	June 2, 1999	Check From Multimedia to Westford	\$2,190,441.20	RICHARD MARTINO and DANIEL MARTINO
67	July 7, 1999	Check From Multimedia to Westford	\$2,291,863.46	RICHARD MARTINO and DANIEL MARTINO

RA	Approximate Date	Financial Transaction	Approximate Amount	Defendants
68	October 4, 1999	Check From Multimedia to Westford	\$1,506,217.97	RICHARD MARTINO and DANIEL MARTINO
69	November 3, 1999	Check From Multimedia to Westford	\$1,703,363.27	RICHARD MARTINO and DANIEL MARTINO
70	December 23, 1999	Check from Mical to Creative	\$1,757,454.37	LOCASCIO, RICHARD MARTINO and MUSTAFA
71	December 23, 1999	Check from Mical to Creative	\$3,000,000.00	LOCASCIO, RICHARD MARTINO and MUSTAFA
72	December 23, 1999	Check from Mical to Creative	\$3,000,000.00	LOCASCIO, RICHARD MARTINO and MUSTAFA
73	February 4, 2000	Check From Multimedia to Westford	\$1,211,241.86	RICHARD MARTINO and DANIEL MARTINO
74	July 13, 2000	Check from Telcom to Creative	\$2,156,336.69	LOCASCIO, RICHARD MARTINO and MUSTAFA
75	July 14, 2000	Check from Telcom to Creative	\$2,000,000.00	LOCASCIO, RICHARD MARTINO and MUSTAFA
76	December 15, 2000	Check from Overland to LEC LLC	\$970,000.00	LOCASCIO, RICHARD MARTINO, MUSTAFA and DANIEL MARTINO
77	December 18, 2000	Check from Lunar to Fairfax	\$1,119,349.00	RICHARD MARTINO, CAMPOS and PUGLIESE

(Title 18, United States Code, Sections 1962(c), 1963 and 3551 et seq.)

COUNT TWO
(Racketeering Conspiracy)

69. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

70. In or about and between 1996 and 2002, both

dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants SALVATORE LOCASCIO, also known as "Tore," RICHARD MARTINO, ZEF MUSTAFA, DANIEL MARTINO, ANDREW CAMPOS, also known as "Andrew Campo," and THOMAS PUGLIESE, together with others, being persons employed by and associated with the Gambino family, an enterprise which engaged in, and the activities of which affected, interstate commerce, knowingly and intentionally conspired to violate Title 18, United States Code, Section 1962(c), that is, to conduct and participate, directly and indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity, as defined in Title 18, United States Code, Sections 1961(1) and 1961(5).

71. The pattern of racketeering activity through which the above-named defendants, together with others, agreed to conduct the affairs of the Gambino family consists of the acts set forth in paragraphs 61 through 68 of Count One, as Racketeering Acts 1 through 77, which are realleged and incorporated as if fully set forth in this paragraph. Each defendant agreed that a conspirator would commit at least two of these acts of racketeering in the conduct of the affairs of the enterprise.

(Title 18, United States Code, Sections 1962(d), 1963 and 3551 et seq.)

COUNT THREE

(Mail and Wire Fraud Conspiracy - Cramming Scheme)

72. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

73. In or about and between 1996 and 2002, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants RICHARD MARTINO, DANIEL MARTINO, ANDREW CAMPOS, also known as "Andrew Campo," THOMAS PUGLIESE and USP&C, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud users of the "1-800" adult entertainment telephone numbers involved in the Cramming Scheme and others, and to obtain money and property from them by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, (a) to cause mail matter to be delivered by the United States Postal Service, in violation of Title 18, United States Code, Section 1341, and (b) to transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals and sounds, in violation of Title 18, United States Code, Section 1343.

74. In furtherance of the conspiracy and to effect its objectives, the defendants RICHARD MARTINO, DANIEL MARTINO, ANDREW CAMPOS, THOMAS PUGLIESE and USP&C, together with others,

committed and caused to be committed, among others, the following:

OVERT ACTS

- a. In or about late 1997 or early 1998, RICHARD MARTINO instructed an employee of USP&C not to disclose to some of USP&C's attorneys that the Campos Companies were using "entertainment" scripts to market the "1-800" numbers to consumers.
- b. On or about February 5, 1998, RICHARD MARTINO, together with others, attended a meeting concerning LEC approvals.
- c. On or about January 28, 1999, RICHARD MARTINO, together with others, attended a meeting concerning USP&C's operations.
- d. On or about May 12, 1999, CAMPOS opened a rented mailbox facility in Kentwood, Michigan.
- e. In or about June 1999, RICHARD MARTINO and DANIEL MARTINO caused a telephone bill containing an unauthorized charge to be delivered by the United States Postal Service to a consumer in Brooklyn, New York.
- f. In or about August 1999, RICHARD MARTINO and DANIEL MARTINO caused a telephone bill containing an unauthorized charge to be delivered by the United States Postal Service to a consumer in Brooklyn, New York.

g. On or about January 13, 2000, DANIEL MARTINO participated in a conference telephone call concerning USP&C's finances.

k. On or about January 14, 2000, DANIEL MARTINO sent an e-mail concerning Southwest Region Bill.

l. On or about February 1, 2000, PUGLIESE signed a "Master Services Agreement" on behalf of "Invesco Telecommunications, Inc. d/b/a Southwest."

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNTS FOUR AND FIVE
(Mail Fraud - Cramming Scheme)

75. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

76. On or about the dates set forth below, the defendants RICHARD MARTINO, DANIEL MARTINO, ANDREW CAMPOS, also known as "Andrew Campo," THOMAS PUGLIESE and USP&C, together with others, knowingly and intentionally devised a scheme and artifice to defraud users of the "1-800" adult entertainment telephone services involved in the Cramming Scheme and others, and to obtain money and property from said victims by means of materially false and fraudulent pretenses, representations, and promises.

77. For the purpose of executing the scheme and

artifice, the defendants RICHARD MARTINO, ANDREW CAMPOS, THOMAS PUGLIESE and USP&C, together with others, caused to be placed in authorized depositories for mail matter, to be delivered by the United States Postal Service according to the directions thereon, the mailings set forth below:

Count	Approximate Date of Mailing	Description of Mailing
FOUR	December 18, 2002	USP&C bill page sent to the household associated with phone number 516-325-0185
FIVE	December 18, 2002	USP&C bill page sent to the household associated with phone number 516-922-1229

(Title 18, United States Code, Sections 1341, 2 and 3551 et seq.)

COUNT SIX

(Mail and Wire Fraud Conspiracy - Internet Scheme)

78. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

79. In or about and between August 1996 and December 2000, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants RICHARD MARTINO and DANIEL MARTINO, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud visitors to the Websites, and to obtain money and property from those visitors by means of materially false and

fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, (a) to cause mail matter to be delivered by the United States Postal Service, in violation of Title 18, United States Code, Section 1341, and (b) to transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds, in violation of Title 18, United States Code, Section 1343.

80. In furtherance of the conspiracy and to effect its objectives, the defendants RICHARD MARTINO and DANIEL MARTINO, together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

a. On or about March 10, 1999, RICHARD MARTINO and DANIEL MARTINO transmitted and caused to be transmitted the Joint Venture Website ygal.com by means of wire communication from Lexitrans's servers in Kansas to a computer located in Freeport, New York.

b. On or about March 10, 1999, RICHARD MARTINO and DANIEL MARTINO caused the credit card of a victim in Freeport, New York to be billed \$49.99 for the Joint Venture Website ygal.com.

c. On or about March 16, 1999, RICHARD MARTINO and DANIEL MARTINO caused the credit card of a victim in Merrick, New

York to be billed \$49.99 for the Joint Venture Website
highsociety.com.

d. On or about April 27, 1999, RICHARD MARTINO and DANIEL MARTINO caused the credit card of a victim in Brooklyn, New York to be billed \$49.99 for the Joint Venture Website highsociety.com.

e. On or about August 19, 1999, RICHARD MARTINO and DANIEL MARTINO, together with others, attended a meeting at the offices of Mical concerning the Joint Venture.

f. On or about January 19, 2000, RICHARD MARTINO and others attended a meeting concerning the Joint Venture.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNTS SEVEN AND EIGHT
(Wire Fraud - Internet Scheme)

81. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

82. In or about and between August 1996 and December 2000, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants RICHARD MARTINO and DANIEL MARTINO, together with others, did knowingly and intentionally devise a scheme and artifice to defraud visitors to the Websites, and to obtain money and property from those visitors by means of materially false and

fraudulent pretenses, representations and promises.

83. For the purpose of executing the scheme and artifice, the defendants RICHARD MARTINO and DANIEL MARTINO, together with others, transmitted and caused to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds, to wit: internet connections established between servers owned and operated by Lexitrans in the state of Kansas and the following individuals, whose identities are known to the grand jury, on or about the dates specified below:

Count	Approximate Date of Internet Connection	Visitor	Visitor's Location
SEVEN	March 16, 1999	Visitor #3	Eastern District of New York
EIGHT	April 27, 1999	Visitor #6	Eastern District of New York

(Title 18, United States Code, Sections 1343, 2 and 3551 et seq.)

COUNT NINE

(Money Laundering Conspiracy)

84. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

85. In or about and between 1996 and 2002, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants SALVATORE

LOCASCIO, also known as "Tore," RICHARD MARTINO, ZEF MUSTAFA, DANIEL MARTINO, ANDREW CAMPOS, also known as "Andrew Campo," and THOMAS PUGLIESE, together with others, did knowingly and intentionally conspire to conduct financial transactions affecting interstate and foreign commerce, which in fact involved the proceeds of specified unlawful activity, to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity (a) with the intent to promote the carrying on of the specified unlawful activity, and (b) knowing that the transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 1956(a)(1)(B)(i).

(Title 18, United States Code, Sections 1956(h) and 3551 et seq.)

COUNTS TEN THROUGH FOURTEEN
(Money Laundering)

86. The allegations contained in paragraphs 1 through 56 are realleged and incorporated as if fully set forth in this paragraph.

87. On or about the dates specified below, within

the Eastern District of New York and elsewhere, the defendants RICHARD MARTINO and DANIEL MARTINO, together with others, did knowingly and intentionally conduct financial transactions, to wit: the transfers of funds caused by the deposit of the checks set forth below, which in fact involved the proceeds of specified unlawful activity, to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity (a) with the intent to promote the carrying on of the specified unlawful activity, and (b) knowing that the transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Sections 1956 (a)(1)(A)(i) and (a)(1)(B)(i) and 2.

Count	Approximate Date	Financial Transaction	Approximate Amount
TEN	June 2, 1999	Check From Multimedia to Westford	\$2,190,441.20
ELEVEN	July 7, 1999	Check From Multimedia to Westford	\$2,291,863.48
TWELVE	October 4, 1999	Check From Multimedia to Westford	\$1,606,217.97
THIRTEEN	November 3, 1999	Check From Multimedia to Westford	\$1,703,363.27
FOURTEEN	February 4, 2000	Check From Multimedia to Westford	\$1,211,241.86

(Title 18, United States Code, Sections

1956(a)(1)(A)(i), 1956 (a)(1)(B)(i), 2 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION ONE
(Counts One and Two)
(Racketeering and Racketeering Conspiracy)

88. The United States hereby gives notice to the defendants charged in Counts One and Two that, upon their conviction of such offenses the government will seek forfeiture in accordance with Title 18, United States Code, Section 1963, which requires any person convicted of such offenses to forfeit any property:

a. such defendants have acquired an interest in and maintained in violation of Title 18, United States Code, Section 1962, which interests are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(1);

b. such defendants have an interest in, security of, claims against, and property and contractual rights which afford a source of influence over, the enterprise named and described herein which the defendants established, operated, controlled, conducted, and participated in the conduct of, in violation of Title 18, United States Code, Section 1962, which interests, securities, claims, and rights are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(2). The interests subject to forfeiture under Section 1963(a)(2) include, but are not limited to, all funds on deposit

in the following accounts:

INSTITUTION	ACCOUNT HOLDER	ACCOUNT NUMBER
1) UMB Bank	Lexitrans, Inc.	987-09697-77
2) UMB Bank	Lexitrans, Inc.	987-09119-22
3) HSBC Bank	Caller Requested Transfer, Inc.	61-50415-66
4) HSBC Bank	Voice Link Network Services, Inc.	61-50415-74
5) HSBC Bank	Voice Link Network Services, Inc.	61-50076-19
6) Harleysville National Bank, f/k/a Citizens National Bank	Cassiopeia Group, Inc.	99-2014-44
7) Harleysville National Bank, f/k/a Citizens National Bank	Branching Enterprises, Inc.	99-2014-36
8) Caderat Grant & Company	Creative Program Communications, Inc.	0330-45273-25
9) Caderat Grant & Company	Creative Program Communications, Inc.	0420-22352-33
10) Caderat Grant & Company	Creative Program Communications, Inc.	0818-77467-26
11) Caderat Grant & Company	Creative Program Communications, Inc.	0818-83286-86
12) Caderat Grant & Company	Creative Program Communications, Inc.	501-59246-80
13) Caderat Grant & Company	Creative Program Communications, Inc.	121-65567-85
14) Caderat Grant & Company	Creative Program Communications, Inc.	0818-90592-47
15) JP Morgan Chase Bank	Jan Irrevocable Trust	250-5004912-65

16)	JP Morgan Chase Bank	Jan Irrevocable Trust	250-5004832-65
17)	JP Morgan Chase Bank	Dee Irrevocable Trust	250-5004840-65
18)	JP Morgan Chase Bank	Kay Bee Irrevocable Trust	250-5004859-65
19)	JP Morgan Chase Bank	JACG Irrevocable Trust	185-005774-65
20)	JP Morgan Chase Bank	Dee Irrevocable Trust	520-28352001467-02
21)	JP Morgan Chase Bank	Creative Program Communications, Inc.	185-5008836-65
22)	JP Morgan Chase Bank	Omni Present Digital, Inc.	376-5003376-65
23)	JP Morgan Chase Bank	LJ Internet, Inc.	376-5003384-65
24)	JP Morgan Chase Bank	Telecom Online, Inc.	937-6083578-19
25)	JP Morgan Chase Bank	Telecom Online, Inc.	937-5027010-66
26)	JP Morgan Chase Bank	Jan Irrevocable Trust	283-52001467-04
27)	JP Morgan Chase Bank	May Irrevocable Trust	520-28352007467-03
28)	JP Morgan Chase Bank	Mical Properties, Inc.	110-0674110-66
29)	JP Morgan Chase Bank	Mical Properties, Inc.	110-0674110-67
30)	JP Morgan Chase Bank	Fisher King Irrevocable Trust	185-5024481-65
31)	JP Morgan Chase Bank	Lion King Irrevocable Trust	185-5024406-65
32)	JP Morgan Chase Bank	Forty Niner Irrevocable Trust	185-5024414-65

33)	JP Morgan Chase Bank	Cowboy Irrevocable Trust	185-5024238-65
34)	MFS Investments	Creative Program Communications, Inc.	223-8188328-686
35)	MFS Investments	Creative Program Communications, Inc.	299-8187746-726
36)	Oppenheimer Funds	Creative Program Communications, Inc.	330-33045273-25
37)	Oppenheimer Funds	Creative Program Communications, Inc.	420-42022352-33

c. constituting and derived from proceeds obtained, directly and indirectly, from racketeering activity, in violation of Title 18, United States Code, Section 1962, which property is subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(3).

89. The value of the forfeitable property is a sum of money equal to \$650 million in United States currency, for which the defendants are jointly and severally liable.

90. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty, then it is the intent of the United States, pursuant to Title 18, United States Code, Section 1963(m), to seek forfeiture of any other property of such defendants up to the value of the forfeitable property described in subparagraphs 90(a) through (e) above, including but not limited to the following:

- a. all right, title and interest in the premises and real property located at One Tara Way, Tuckahoe, New York 10707;
- b. all right, title and interest in the premises and real property located at 495 Ox Pasture Road, Southampton, New York 11968;
- c. all right, title and interest in the premises and real property located at Lot 27, City: Harrison; Subdivision: Purchase Estates Inc., Country Club at Purchase; Recorder's Map Reference: Map 26094;
- d. all right, title and interest in the premises and real property located at 9778 Bent Grass Bend, Naples, Florida 34108;
- e. all right, title and interest in the premises and real property located at 2 Timmons Road, Scarsdale, New York 10583;
- f. all right, title and interest in the premises and real property located at 608 East 187th Street, Bronx, New York 10458;
- g. all right, title and interest in the premises and real property located at 2361 Hoffman Street, Bronx, New York 10458;
- h. funds representing the net proceeds of the sale of Riviera Colony Shopping Plaza, also known as Am South Plaza, located at Section 18, Township 50 South, Range 26 East, Collier County Florida, Lot 1, Block 1, Riviera Colony, Plat Book 8, Pages 17

and 18, on deposit in the interest bearing equity account maintained by the Clerk of the United States District Court for the Eastern District of New York pursuant to a Stipulation and Order, dated January 9, 2004, and which as January 9, 2004, had an approximate value of \$1,096.904.68;

- i. all right, title and interest in the premises and real property located at 2928 Indigobush Way, Naples, Florida 34105;
- j. all right, title and interest in the premises and real property located at 16 Bonmar Road, Pelham Manor, New York 10803;
- k. all right, title and interest in the premises and real property located at 1520 Gulf Boulevard, Belleair Shores, Florida 34634;
- l. all right, title and interest in the premises and real property located at 9 Apple Court, Eastchester, New York 10709;
- m. all right, title and interest in the premises and real property located at 2384 Hoffman Street, Bronx, New York 10458;
- n. all right, title and interest in the premises and real property located at 2376 Hoffman Street, Bronx, New York 10458; and
- o. all right, title and interest in the premises and real property located at 301 Brookline Street Hawthorne, New York 10532.

(Title 18, United States Code, Section 1963)

CRIMINAL FORFEITURE ALLEGATION TWO

(Count Three - Cramming Scheme)

(Conspiracy to Commit Mail and Wire Fraud)

91. The United States hereby gives notice to the defendants charged in Count Three that, upon their conviction of such offense the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title

28, United States Code, Section 2461(c), which require any person convicted of such offense to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offense, or traceable thereto.

92. The value of the forfeitable property is a sum of money equal to \$420 million in United States currency, for which the defendants are jointly and severally liable, including but not limited to all funds on deposit in a certificate of deposit at Chase Manhattan Bank, now known as JP Morgan Chase, number 937-6083578-19, which matured on or about June 3, 2003, and which as of March 7, 2003 had an approximate value of \$679,719.70.

93. If any of the above-described forfeitable property, as a result of any act or omission of the defendant(s):

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

then it is the intent of the United States, pursuant to Title 21,

United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c) to seek forfeiture of any other property of such defendant(s) up to the value of the forfeitable property described in subparagraphs 93(a) through (e) above, including but not limited to the following:

- a. all right, title and interest in the premises and real property located at One Tara Way, Tuckahoe, New York 10707;
- b. all right, title and interest in the premises and real property located at 495 Ox Pasture Road, Southampton, New York 11968;
- c. all right, title and interest in the premises and real property located at Lot 27, City: Harrison; Subdivision: Purchase Estates Inc., Country Club at Purchase; Recorder's Map Reference: Map 26094;
- d. all right, title and interest in the premises and real property located at 9 Apple Court, Eastchester, New York 10709;
- e. all right, title and interest in the premises and real property located at 2384 Hoffman Street, Bronx, New York 10458;
- f. all right, title and interest in the premises and real property located at 2376 Hoffman Street, Bronx, New York 10458; and
- g. all right, title and interest in the premises and real property located at 301 Brookline Street, Hawthorne, New York 10532.

(Title 28, United States Code, Section 2461(c), Title 18, United States Code, Section 981(a)(1)(C), and Title 21, United States Code, Section 853(p))

CRIMINAL FORFEITURE ALLEGATION THREE
(Count Six - Internet Scheme)
(Conspiracy to Commit Mail and Wire Fraud)

94. The United States hereby gives notice to the defendants charged in Count Six that, upon their conviction of such offense the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offense to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offense, or traceable thereto.

95. The value of the forfeitable property is a sum of money equal to \$230 million in United States currency, for which the defendants are jointly and severally liable, including but not limited to all funds on deposit in a certificate of deposit at Chase Manhattan Bank, now known as JP Morgan Chase, number 937-6083578-19, which matured on or about June 3, 2003, and which as of March 7, 2003, had an approximate value of \$679,719.70.

96. If any of the above-described forfeitable property, as a result of any act or omission of the defendant(s):

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty; then it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c) to seek forfeiture of any other property of such defendants up to the value of the forfeitable property described in subparagraphs 95(a) through (e), including but not limited to the following:

- a. all right, title and interest in the premises and real property located at One Tara Way, Tuckahoe, New York 10707;
- b. all right, title and interest in the premises and real property located at 495 Ox Pasture Road, Southampton, New York 11968;
- c. all right, title and interest in the premises and real property located at Lot 27, City: Harrison; Subdivision: Purchase Estates Inc., Country Club at Purchase; Recorder's Map Reference: Map 26094; and
- d. all right, title and interest in the premises and real property located at 301 Brookline Street, Hawthorne, New York 10532.

(Title 28, United States Code, Section 2461(c), Title 18, United States Code, Section 981(a)(1)(C), and Title 21, United States Code, Section 853(p))

CRIMINAL FORFEITURE ALLEGATION FOUR
(Counts Nine through Fourteen)
(Money Laundering Conspiracy and Money Laundering)

97. The United States hereby gives notice to the defendants charged in Counts Nine through Fourteen that, upon their conviction of such offenses the government will seek forfeiture in accordance with Title 18, United States Code, Section 982, of all property involved in each offense in violation of Title 18, United States Code, Section 1956, or conspiracy to commit such offense, and all property traceable to such property.

98. The value of the forfeitable property is a sum of money equal to \$650 million in United States currency, for which the defendants are jointly and severally liable, including but not limited to all funds on deposit in a certificate of deposit at Chase Manhattan Bank, now known as JP Morgan Chase, number 937-6083578-19, which matured on or about June 3, 2003, and which as of March 7, 2003 had an approximate value of \$679,719.70.

99. If any of the above-described forfeitable property, as a result of any act or omission of the defendant(s):

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

then it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of such defendants up to the value of the forfeitable property described in subparagraphs 99(a) through (e), including but not limited to the following:

- a. all right, title and interest in the premises and real property located at One Tara Way, Tuckahoe, New York 10707;
- b. all right, title and interest in the premises and real property located at 495 Ox Pasture Road, Southampton, New York 11968;
- c. all right, title and interest in the premises and real property located at Lot 27, City: Harrison; Subdivision: Purchase Estates Inc., Country Club at Purchase; Recorder's Map Reference: Map 26094;
- d. all right, title and interest in the premises and real property located at 9778 Bent Grass Bend, Naples, Florida 34108;
- e. all right, title and interest in the premises and real property located at 2 Timmons Road, Scarsdale, New York 10583;
- f. all right, title and interest in the premises and real property located at 608 East 187th Street, Bronx, New York 10458;
- g. all right, title and interest in the premises and real property located at 2361 Hoffman Street, Bronx, New York 10458;

- h. funds representing the net proceeds of the sale of Riviera Colony Shopping Plaza, also known as Am South Plaza, located at Section 18, Township 50 South, Range 26 East, Collier County Florida, Lot 1, Block 1, Riviera Colony, Plat Book 8, Pages 17 and 18, on deposit in the interest bearing equity account maintained by the Clerk of the United States District Court for the Eastern District of New York pursuant to a Stipulation and Order dated January 9, 2004, and which as of January 9, 2004 had an approximate value of \$1,096,904.68;
- i. all right, title and interest in the premises and real property located at 2928 Indigobush Way, Naples, Florida 34105;
- j. all right, title and interest in the premises and real property located at 16 Bonmar Road, Pelham Manor, New York 10803;
- k. all right, title and interest in the premises and real property located at 1520 Gulf Boulevard, Belleair Shores, Florida 34634;
- l. all right, title and interest in the premises and real property located at 9 Apple Court, Eastchester, New York 10709;
- m. all right, title and interest in the premises and real property located at 2384 Hoffman Street, Bronx, New York 10458;
- n. all right, title and interest in the premises and real property located at 2376 Hoffman Street, Bronx, New York 10458; and

- o. all right, title and interest in the premises and real property located at 301 Brookline Street, Hawthorne, New York 10532.

(Title 18, United States Code, Section 982, Title 21, United States Code, Section 853(p))

A TRUE BILL

FOREPERSON

ROSLYNN R. MAUSKOPF
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK